

MINUTE ITEM

5. (APPLICATION FOR EXTENSION OF OIL AND GAS LEASE, HUNTINGTON STATE COMPANY, HAMILTON AND SHERMAN, OPERATORS, HUNTINGTON BEACH FIELD, ORANGE COUNTY - P.R.C. 91, W. O. 2751.)

Following presentation of Calendar Item 26 attached, it was noted that Lease P.R.C. 91 was the lease that had been issued without provisions for renewal. Mr. Kirkwood asked if the request for renewal had been reviewed with the office of the Attorney General. Deputy Attorney General Howard S. Goldin reported that the Commission has discretion and authority to grant an extension in the form proposed.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

THE COMMISSION AUTHORIZES A RENEWAL OF OIL AND GAS LEASE P.R.C. 91 IN ACCORDANCE WITH THE PROVISIONS OF SECTION 6827 OF THE PUBLIC RESOURCES CODE, AS REQUESTED BY THE HUNTINGTON STATE COMPANY, ET AL., FOR A TERM OF FIVE YEARS AND FOR SO LONG THEREAFTER AS OIL OR GAS IS PRODUCED IN PAYING QUANTITIES OR LESSEE SHALL BE CONDUCTING PRODUCING, DRILLING, DEEPENING, REPAIRING, REDRILLING OR OTHER NECESSARY LEASE OR WELL MAINTENANCE OPERATIONS ON THE LEASED LAND. ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 26 (1 page)

CALENDAR ITEM

OIL & GAS

26.

(REQUEST FOR RENEWAL OF OIL AND GAS LEASE, HUNTINGTON STATE COMPANY, HAMILTON AND SHERMAN, OPERATORS, HUNTINGTON BEACH FIELD, ORANGE COUNTY - P.R.C. 91, W. O. 2751.)

State Oil and Gas Lease P.R.C. 91 was issued on May 21, 1943 to H. R. Hamilton, Operator, a fictitious name for the co-partnership of H. R. Hamilton and Truman E. Fairfield, lessees, pursuant to the provisions of Division 6 of the Public Resources Code, for a period of 20 years with no provisions specified for renewal of the lease. A number of assignments of partial interest in the lease have been made with the approval of the State Lands Commission. The current lessees are the Huntington State Company, H. R. Hamilton, Monterey Oil Company, John R. McMillan, The Oil Tool Corporation, F. E. Fairfield, Thomas Sherman, Estate of Kenneth D. Dawson, S. D. Bechtel and the Estate of William T. Sexton.

An application has been received from Hamilton and Sherman, Operators, for renewal of the term of Lease P.R.C. 91 in accordance with the provisions of Section 6827 of the Public Resources Code which states in part: "Any lease heretofore issued under this chapter for a term of 20 years...may at any time or times prior to its expiration be extended upon such terms and conditions and for such period of time as the Commission deems for the best interests of the State... provided further that upon the lessee's timely application therefor the Commission may issue a new lease in exchange for any lease issued for a term of 20 years,...such new lease shall be issued... for a term of five years and for so long thereafter as oil or gas is produced in paying quantities, or lessee shall be conducting producing, drilling, deepening, repairing, redrilling or other necessary lease or well maintenance operations on the land leased".

Currently 27 wells are producing on the area under lease. The most recent well completions were in May and July, 1956. During July and August, 1957, a geologic core hole was drilled using mobile marine equipment in order to obtain information to be used in connection with geophysical data and other data as a basis for determination of a future drilling program.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE A RENEWAL OF OIL AND GAS LEASE P.R.C. 91 IN ACCORDANCE WITH THE PROVISIONS OF SECTION 6827 OF THE PUBLIC RESOURCES CODE, AS REQUESTED BY THE HUNTINGTON STATE COMPANY, ET AL., RENEW FOR A TERM OF FIVE YEARS AND FOR SO LONG THEREAFTER AS OIL AND GAS IS PRODUCED IN PAYING QUANTITIES OR LESSEE SHALL BE CONDUCTING PRODUCING, DRILLING, DEEPENING, REPAIRING, REDRILLING OR OTHER NECESSARY LEASE OR WELL MAINTENANCE OPERATIONS ON THE LEASED LAND, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.